

ORDER NO. 6107

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Permanent Addition of Extended Mail
Forwarding Product to the Market Dominant
Product List

Docket No. MC2022-40

NOTICE AND ORDER CONCERNING REQUEST TO ADD
EXTENDED MAIL FORWARDING PRODUCT
TO THE MAIL CLASSIFICATION SCHEDULE

(Issued February 16, 2022)

On February 14, 2022, the Postal Service filed a request pursuant to 39 U.S.C. 3642 and 39 CFR 3045.18 to modify the Mail Classification Schedule (MCS) by adding Extended Mail Forwarding as a permanent offering to the market dominant product list and establishing classification language and prices for Extended Mail Forwarding.¹

¹ United States Postal Service Request to Convert Extended Mail Forwarding to a Permanent Offering, February 14, 2022 (Request).

The Postal Service explains that the Commission authorized the market test in Order No. 5591 on July 20, 2020.² The test was initially introduced in nine postal districts, but on October 1, 2020, the test was expanded nationwide.³ The Postal Service states that the test proved successful and proposes to add Extended Mail Forwarding to its Market Dominant Products: Special Services: Address Management Services, under section 1515.1 of its MCS. Request at 1-2. The Postal Service states that Extended Mail Forwarding provides customers who submit a permanent change-of-address request the option of extending mail forwarding beyond the 12 months forwarding period. *Id.* at 2. It claims that the test demonstrated simple operational implementation providing customers who move greater control over their mail forwarding expiration dates. The Postal Service also indicates the addition provides a new revenue stream and has reduced Undeliverable as Addressed handling costs. *Id.*

According to the Postal Service, Extended Mail Forwarding meets the requirements of 39 CFR 3045.18(b) by offering the same services as the experimental product with the same distinct costs and market characteristics, and is based on the data collected during the market test. *Id.* at 2-3.

The Postal Service also claims the proposed product complies with 39 CFR 3045.18(c) because the product and price category is the same as the product at the heart of the market test. *Id.* at 3. The price points will be \$19.95 for a 6-month extension, \$29.95 for a 12-month extension, and \$39.95 for an 18-month extension. *Id.* at 3.

The Postal Service states that, as a new offering, Extended Mail Forwarding does not have price cap implications since it lacks volume history and billing determinants that could be used to calculate a price cap effect and that it is not a rate

² Request at 1; Docket No. MT2020-2, Order Authorizing Extended Mail Forwarding Market Test, July 20, 2020 (Order No. 5591).

³ Request at 1; Docket No. MT2020-2, United States Postal Service Notice of Material Change to Market Test, September 18, 2020.

change subject to 39 U.S.C. 3622(d).⁴ It also points out Extended Mail Forwarding is a new optional feature and does not divert volumes from an existing product by which volumes could be inferred. Request at 3-4. In addition, pursuant to the requirement in 39 CFR 3045.18(c)(3), the Postal Service claims that the market will remain stable into the permanent phase. *Id.* at 4. The Postal Service states that the market test generated cumulative total revenue of almost \$42.2 million. *Id.* The Postal Service also claims the product-specific costs associated with the development of the Extended Mail Forwarding market test were \$505,983.29, including program management and IT-related costs, and have been relatively stable from quarter to quarter. *Id.* at 4-5.

Included as Attachment A to the Request is proposed MCS language. Included as Attachment B are data collection reports filed during the market test as required by 39 CFR 3045.18(c)(4). Included as Attachment C is the Governors' resolution authorizing the Request. The Postal Service explains that it would like to implement the product on July 10, 2022, to align Extended Mail Forwarding with other IT programming changes, and thus requests the Commission issue a final order no later than May 16, 2022. *Id.* at 5.

Pursuant to rule 3040.133, the Commission provides interested persons an opportunity to express views and offer comments on the proposed addition to the MCS. Comments are due no later than March 7, 2022. Reply comments may be filed no later than March 14, 2022. The Postal Service's Request in Docket No. MC2022-40 can be accessed on the Commission's website (<http://www.prc.gov>).⁵

Pursuant to 39 U.S.C. 505, Richard A. Oliver is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in the above-captioned docket.

⁴ Request at 3 citing 39 CFR 3045.15; Docket No. MC2012-31, Order Approving Addition of Postal Service to the Mail Classification Schedule Product Lists, September 7, 2012 (Order No. 1460).

⁵ Additional information provided as part of the Postal Service's market test of the product at issue in Docket No. MT2020-2 may also be accessed on the Commission's website.

It is ordered:

1. The Commission establishes Docket No. MC2022-40 for consideration of the matters raised by the United States Postal Service Request to Convert Extended Mail Forwarding to a Permanent Offering, filed February 14, 2022.
2. Comments are due no later than March 7, 2022.
3. Reply comments are due no later than March 14, 2022.
4. Pursuant to 39 U.S.C. 505, Richard A. Oliver is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Erica A. Barker
Secretary